



State Water Implementation Fund for Texas (SWIFT) Frequently Asked Questions

Who is eligible to apply?

Any political subdivision of the state with a project included in the most recently adopted state water plan can apply for assistance through this program. Political subdivisions include non-profit water supply corporations, municipalities, counties, river authorities, special law districts, water improvement districts, water control and improvement districts, irrigation districts, and groundwater conservation districts.

What kinds of projects are eligible?

Eligible projects are those that are recommended water management strategies in the 2012 State Water Plan and have an associated capital cost. Projects include conservation and reuse, desalinating groundwater and seawater, building new pipelines, developing reservoirs and well fields, purchasing water rights, as well as numerous other strategies.

Do the projects have to be specifically listed in the plan?

Yes, the project must be a recommended strategy. For example, if the project is listed in the plan as "construction of a well field" but does not list the pipeline for delivery of that water, the pipeline would not be eligible for SWIFT. Alternate water management strategies are not eligible unless the regional and state plans are amended.

How can I get projects that are not in the plan to become eligible?

Projects are eligible for funding after an amendment is added to the regional water plan *and* the state water plan is amended and readopted by TWDB. Alternative strategies are not eligible until the regional and state water plans are amended to include the project as a recommended strategy. Projects recommended and prioritized in the 2016 regional water plans will be eligible for funding once TWDB adopts the 2017 State Water Plan in late 2016.

What type of funding is available?

Funding is available for all aspects of a project including planning, design, permitting, acquisition, and construction. The loan will be amortized over 20 or 30 years with a level debt service. There are no grants available through SWIFT. For the initial round of FY2015 SWIFT funding, interest rates for a 20-year loan will be subsidized at an estimated 35.5% below the TWDB's cost of funds; the subsidy amount for longer maturities will be reduced based on an applied calculation. The Board will establish final subsidy amounts at the time it considers project prioritization. There are various funding structures available for different portions of the project.

Is there a deferred payment option?

- Applications for only planning, design and permitting costs have a deferred payment plan available. Principal and interest is deferred up to eight years or until end of construction, whichever is sooner.
- The deferred payment option is targeted at those projects that have long development periods where the applicant must spend considerable time and money before actual delivery of water and the accompanying revenue stream materializes. For the initial round of FY2015 SWIFT funding, interest rates for a 20-year loan will be subsidized at an estimated 15% below the TWDB's cost of funds. No subsidy is available for loans longer than 20 years. The Board will establish final subsidy amounts at the time it considers project prioritization. No principal or interest payments are due during the deferral period and there is no accrued interest. The loan is amortized over the remaining life of the loan. Assuming an 8-year deferral, interest would start to accrue 8 years from the closing date.

Is there a state participation option?

Long-term, fixed-rate financing is available through a temporary TWDB ownership interest in a regional facility, called Board Participation. These terms are intended to allow entities to reasonably finance the total debt for an optimally sized regional facility. The local sponsor repurchases the TWDB's interest under a repayment schedule that allows for the structured deferral of both principal and interest.

Board Participation is limited to funding of the excess capacity portion of the project and up to 80% of total project costs. Financing terms vary but are generally 34 years. For the initial FY2015 round of SWIFT funding, interest rates are based on the TWDB cost of funds. No additional subsidy amount is available. In addition, no administrative cost recovery fee is applied.

How is a regular SWIFT loan structured?

The loan must be closed in its entirety quickly following the closing of TWDB's bonds used to fund the program. The loan will be amortized over 20 or 30 years with level debt service.

Can I submit more than one project in an abridged application?

Yes, however, the projects will be prioritized separately for funding so they must be segregated in the abridged application. For example, an applicant might submit for a well field project and a reuse project. Those projects would be prioritized separately and compared to the other projects received for consideration. So, an applicant could receive a commitment for one of their projects but not the other, based on the priority received.

How does the priority system work?

Abridged applications for the first round of FY2015 funding must be received by 5 p.m. on February 3, 2015. Project applications received by this date will be prioritized relative to all other project applications received for that round of funding. The Board will thereafter consider project prioritizations, establish the funds available by category, the structure of financing, and the terms of any subsidy.

What are the priority criteria?

The prioritization system can be found in 31 TAC §363.1303 and criteria in §363.1304. The following factors are considered by the Executive Administrator when ranking the applications:

- The population served by the project when fully operational;
- Whether the project serves a diverse urban and rural population;
- Whether the project provides regionalization;
- The percentage of water supply needs met by the project within the first decade;

- Local contributions to the project;
- Financial capacity of the applicant to repay;
- Whether the project addresses an emergency need;
- Whether the project is ready to proceed with implementation or construction;
- Demonstration or projected effect of the project on water conservation, including preventing water loss, and
- The priority ranking assigned to the project by the applicable Regional Water Planning Group.

What is the tie breaker?

If two or more projects receive the same priority ranking, priority will be given to the project with the highest water conservation score. If a tie still remains, priority will be given to the project with the highest emergency need score.

What if my project does not rank high enough to receive funding?

An applicant could receive partial funding, depending on the availability of funds and the project's priority. If there are insufficient funds during the funding round in which the applicant has applied, the project may be resubmitted for the next round of funding. There are no additional points awarded for prior submittals. The TWDB has several other financing programs available which could be used to compliment SWIFT funding, in addition to providing water or wastewater financing of other project needs.

What if my project serves a rural area?

The Texas Legislature directed TWDB to undertake to apply not less than 10% of the funding to support projects for rural communities and agricultural water conservation. Should applications in excess of 10% be received, TWDB is able to provide funding greater than the minimum amount.

For purposes of the program, rural is defined as a non-profit water supply or sewer service corporation, district, or municipality with a service area of 10,000 or less in population based upon the most current data available from the U.S. Bureau of the Census or board-approved projections, or that otherwise qualifies for financing from a federal agency; or a county in which no urban political subdivision exceeds 50,000 in population based upon the most current data available from the U.S. Bureau of the Census or Board-approved projections.

Are conservation projects eligible?

Yes, if the project is a recommended water management strategy in the 2012 State Water Plan and has an associated capital cost. The Texas Legislature directed TWDB to undertake to apply not less than 20% of the funding to support water conservation and reuse projects. Should applications in excess of 20% be received, TWDB is able to provide funding greater than the minimum amount.

Are there special engineering or environmental requirements?

No, the SWIFT funding follows standard requirements for state financial assistance programs.

What information is necessary in order to apply?

Application guidelines are available on the TWDB's website at www.twdb.texas.gov. For additional assistance regarding SWIFT, please contact Tom Entsminger at (512) 936-0802 or at tom.entsminger@twdb.texas.gov.